GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:446
ANSWERED ON:25.08.2000
WEAK BANKS
NARESH KUMAR PUGLIA;SHYAMA SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned `Action plan to pep up weak banks` as reported in `The Hindustan Times` dated 14 July, 2000;

(b) if so, whether the Government have decided to adopt a new strategy to tackle the weak banks in the country;

(c) if so, the details thereof and how its effective implementation would be done; and

(d) to what extent the weak banks in private/public sector are likely to be revived ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (d) :- A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 446 ADMITT FOR ORAL REPLY ON 25th August, 2000 TABLED BY SHRI NARESH PUGILA AND SHRIMATI SHYAMA SINGH.

(a): Yes, Sir.

(b)(c)&(d):- The three identified weak public sector banks viz. Indian Bank, UCO Bank and United Bank of India have drawn up comprehensive plans covering operational, organizational, financial and systemic restructuring. The proposed restructuring plans include improvement in operating income through significant recovery of NPAs, reduction of costs by rationalizing organizational/administrative structure/branches, mobilization of low cost deposits, reduction of staff cost and generally keeping all operating expenses under control. The implementation of these measures is expected to improve the viability of the weak public sector banks on a sustainable basis. These restructuring plans do not cover private sector banks. Reserve Bank of India monitors the health of private sector banks also and takes corrective measures, as required.